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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/756,243	01/08/2001	Seabron Adamson	SAZ-001.01	5611
25181	7590	11/30/2005	EXAMINER	
FOLEY HOAG, LLP PATENT GROUP, WORLD TRADE CENTER WEST 155 SEAPORT BLVD BOSTON, MA 02110			NGUYEN, NGA B	
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 11/30/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/756,243

Applicant(s)

ADAMSON ET AL.

Examiner

Nga B. Nguyen

Art Unit

3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 10 June 2005.  
2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.  
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.  
4a) Of the above claim(s) 1-9 and 17-21 is/are withdrawn from consideration.  
5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.  
6) ☒ Claim(s) 10-16 and 22-25 is/are rejected.  
7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.  
8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.  
10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).  
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)  
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)  
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.  
4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.  
5) ☐ Notice of Informal Patent Application (PTO-152)  
6) ☐ Other: \_\_\_\_\_.

### **DETAILED ACTION**

1. This Office Action is the answer to the communication filed on June 10, 2005, which paper has been placed of record in the file.
2. Claims 10-16 and 22-25 are elected for consideration.

### ***Response to Arguments/Amendment***

3. Applicant's arguments with respect to claims 10-16 and 22-25 have been considered but are moot in view of new grounds of rejection.
4. Applicant's amendment necessitated the new grounds of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

***Claim Rejections - 35 USC § 103***

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 10-16 and 22-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lange, U.S. Patent No. 6,321,212.

Regarding to claim 10, Lange discloses a method of doing business comprising:

selecting a contingency that occurs upon a change in an objectively measurable condition (column 7, lines 30-55; the events includes financial-related events such as changes in interest rates, non-financial-related events such as changes in weather conditions, demand for electricity, and fluctuations in real estate prices);

selecting a payment schedule for repayment of a principal amount (column 53, lines 35-65; e.g. FNMA Conventional 30 year One-Month Historical Aggregate Prepayments);

providing a contingent security in exchange for the principal amount (column 7, lines 30-40; contingent claims includes stocks, bonds, other such securities, derivative securities, insurance contracts, reinsurance agreement, other financial products, instruments, contracts, assets, or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events; column 55, line 15-column 56, line 15);

auctioning the contingent security to a purchaser (column 20, line 50-column 22, line 45); and

    paying the holder of the contingent security according to the payment schedule if the contingency does not occur (column 23, lines 25-55 and column 25, lines 18-62; payouts to traders based on the outcome of the possible event).

    Lange does not disclose coupling an activity permit with the contingent security, the permit authorizing a holder of the permit to engage in an activity, auctioning the contingent security coupled with the activity permit, and contributing to at least one payment to at least one other party if the contingency does occur. However, coupling an activity permit with a product, the permit authorizing a holder of the permit to engage in an activity, auctioning the contingent security coupled with the activity permit, and contributing to at least one payment to at least one other party if the contingency does occur, are well known in the art. For example, in a traditional purchasing, when a purchaser purchases a product such as, appliances, television, computer, etc, the purchaser is offered to buy the insurance or warranty for the product purchased, the insurance or warranty is affected for a period of time such as one or two years, if within the warranty period, the product is broken, the purchaser may receive a new product or the product will be fixed for free. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Lange's adopt the well known feature above for the purpose of reducing the risk for the purchaser when purchasing a contingent security.

Regarding to claim 11, Lange transferring the contingent security to a third holder in a second secondary market after auction the contingent security (column 20, lines 30-40). Lange does not disclose transferring the activity permit to a second holder in a first secondary market after auctioning the contingent security. However, transferring the activity permit to a second holder in a first secondary market after auctioning the product is well known in the art. For example, selling the insurance to another party. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Lange's adopt the well known feature above for the purpose of providing the opportunity for another party to do business on insurance service.

Regarding to claim 12, Lange discloses wherein auctioning the contingent security further comprises distributing the contingent security through at least one of a primary market, a lottery, or an allotment, or a bond auction (column 17, line 12-column 23, line 50; a primary market).

Regarding to claim 13, Lange does not disclose wherein the activity permit includes at least one of a right to sell a genetically modified organism, a right to use a genetically modified organism, or a right to sell a wireless device. However, such products are well known in the art. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to include such products above in Lange's for the purpose of providing more efficiency in trading contingent claims with various products provided in the activity permit.

Regarding to claim 14, Lange discloses a method of doing business comprising:

selecting a contingency that is evaluated by a panel of judges (column 7, lines 30-55; the events includes financial-related events such as changes in interest rates, non-financial-related events such as changes in weather conditions, demand for electricity, and fluctuations in real estate prices);

selecting a payment schedule for repayment of a principal amount (column 53, lines 35-65; e.g. FNMA Conventional 30 year One-Month Historical Aggregate Prepayments);

providing a contingent security in exchange for the principal amount (column 7, lines 30-40; contingent claims includes stocks, bonds, other such securities, derivative securities, insurance contracts, reinsurance agreement, other financial products, instruments, contracts, assets, or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events; column 55, line 15-column 56, line 15);

auctioning the contingent security to a purchaser (column 20, line 50-column 22, line 45); and

paying the purchaser of the contingent security according to the payment schedule if the panel of judges determines that the contingency does not occur (column 23, lines 25-55 and column 25, lines 18-62; payouts to traders based on the outcome of the possible event).

Lange does not disclose coupling an activity permit with the contingent security, the permit authorizing a holder of the permit to engage in an activity, auctioning the contingent security coupled with the activity permit, and contributing to at least one

payment to at least one other party if the contingency does occur. (See claim 10 above for the same explanation).

Regarding to claim 15, Lange discloses wherein the panel of judges includes a committee of experts (column 8, line 65-column 9, line 5; an issuer such as a corporation, investment bank, underwriter or other financial intermediary).

Regarding to claim 16, Lange discloses wherein the contingency includes at least one of a change in an environmental condition, a change in biodiversity, a change in human mortality, a change in incidence of human illness, or a change in incidence of cancer (column 55, lines 1-15; e.g. the death or disability of Warren Buffett).

Regarding to claim 22, Lange discloses a computer implemented market system comprising:

a server hosting a market, the market for trading a plurality of instruments that include a security with a contingent payoff (figure 2 and column 88, lines 25-50; central controller 100 comprises application server 210); and

a plurality of clients connected to the server through a network, each client participating in the market by buying or selling one of the plurality of instruments (figure 2 and column 88, lines 25-50; investors' computers and devices 160, 170, 180, 190 and 200).

Lange does not disclose coupling an activity permit to conduct a predetermined activity with the contingent security. However, coupling an activity permit to conduct a predetermined activity with the contingent security is well known in the art. For example, in a traditional purchasing, when a purchaser purchases a product such



as, appliances, television, computer, etc, the purchaser is offered to buy the insurance or warranty for the product purchased, the insurance or warranty is affected for a period of time such as one or two years, if within the warranty period, the product is broken, the purchaser may receive a new product or the product will be fixed for free. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Lange's adopt the well known feature above for the purpose of reducing the risk for the purchaser when purchasing a contingent security.

Regarding to claim 23, Lange discloses wherein the security and the permit are decoupled and traded in separate markets, each of the separate markets being hosted by the server (column 93, lines 25-42; Market Data database 263 include data relevant for the types of contingent claims which can be traded on a particular exchange).

Claim 24 are written in means that contains similar limitation found in claim 22 above, therefore, is rejected by the same rationale.

Claim 25 contains similar limitation found in claim 10 above, therefore, is rejected by the same rationale.

### ***Conclusion***

7. Claims **10-16 and 22-25** are rejected.
8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is (571) 272-6796. The examiner can normally be reached on Monday-Thursday from 9:00AM-6:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on (571) 272-6799.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (571) 272-3600.

9. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks  
C/o Technology Center 3600  
Washington, DC 20231

Or faxed to:

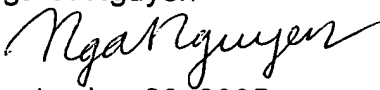
(571) 273-8300 (for formal communication intended for entry),

or

(571) 273-0325 (for informal or draft communication, please label "PROPOSED" or "DRAFT").

Hand-delivered responses should be brought to Knox building, 501 Dulany Street, Alexandria, VA, First Floor (Receptionist).

Nga B. Nguyen



September 30, 2005